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C O N F I D E N T I A L SECTION 01 OF 05 BRASILIA 000756

SIPDIS

DEPARTMENT FOR S/P AND WHA

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TAGS: PREL BR

SUBJECT: S/P DIRECTOR GORDON HOLDS FIRST STRATEGIC TALKS WITH BRAZIL

REF: A. BRASILIA 645

¶B. YEKATERINBURG 035 (NOTAL)

Classified By: Ambassador Clifford M. Sobel, Reason 1.4 (b) and (d)

¶1. (C) Summary. S/P Director Dr. David Gordon held four hours of talks April 9 in Brasilia with Ministry of External Relations (MRE, or Itamaraty) Under Secretary for Political Affairs Ambassador Everton Vieira Vargas. The wide-ranging talks focused generally on the trends that are likely to change profoundly the international system over the next two decades. Specific topics covered included the rise of Brazil, Russia, India, and China (the BRICs) as global players; mutual concerns over violent extremism, terrorism, and nuclear proliferation, particularly with regard to Iran; overlapping concerns with regard to energy security, environmental protection, and economic growth; and United Nations Security Council (UNSC) reform. Both sides noted the frankness and strategic focus of the talks, and agreed that it would be helpful to continue the conversation at regular intervals, perhaps semi-annually. Gordon conveyed U.S. willingness to host the next round of talks, and they tentatively agreed that the week after the opening of the UN General Assembly (e.g., early October 2008) might offer a good opportunity for this. Septel will provide a readout of Dr. Gordon's other meetings in Brazil. End summary.

¶2. (SBU) Dr. Gordon, joined by Ambassador Sobel, WHA DAS Chris McMullen, S/P Member William McIlhenny, and PolCouns (notetaker) held a two hour session with Amb. Vargas on April 9, followed by a working lunch. Amb. Vargas was joined by Director of Diplomatic Planning Amb. Maria da Rocha, President of the National Foundation Alexandre Gusmao Amb. Jose Jeronimo Moscardo, Director-General of the Institute for Foreign Relations Research Amb. Carlos Henrique Cardim, Amb. Vargas's Chief of Staff Antonio Salgado, and United States and Canada Director Joao Tabajara.

Rise of the BRICs

¶ 13. (C) In his opening remarks, Dr. Gordon stressed that his objective was to hold an open discussion with Brazilian counterparts on strategic issues, looking to identify areas of convergence over the longer term and ways in which we might build our bilateral partnership through joint action in the region and the world. Noting the excellent relationship between our presidents and foreign ministers, Dr. Gordon stressed that these were historic talks that reflect Brazil's place as a rising power. Amb. Vargas agreed, affirming our large, multicultural democracies have a commonality of values that we should make "more and more operative." He noted that, as a developing, non-English speaking country with a limited ability to disseminate its views in today's fast-changing world, these types of discussions are particularly important for Brazil.

¶ 14. (C) Amb. Vargas asserted that deepening asymmetries within and among countries will have a problematic effect on global governance. He commented on the rise of developing countries and their "new Keynesianism" that seeks to use the power of the state to promote social change, as Brazil is doing with its "Bolsa Familia" (Family Stipend) program. Brazil is working to diversify its partners, for which the GOB has been criticized. But Brazil is not seeking to do so at the expense of "traditional relationships," he said, noting that the United States remains Brazil's largest investor. Brazil is "trying to give content to Goldman Sachs" by organizing meetings among the "BRIC"s (Brazil, Russia, India, and China--a ministerial meeting of the four was held at the end

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of May, ref b). Dr. Gordon agreed that internal dynamics are increasingly important in shaping policy, citing crime and drug networks, the uneven benefits of globalization, and poor governance that has driven some into violent extremism. Dr. Gordon expressed support for diversification of the world's economic engines, stressing that it is not a zero-sum game, but rather a benefit that adds to the resilience of the global economy.

¶ 15. (C) Dr. Gordon asked Amb. Vargas Brazil's views on the rise of Asian economies, noting that, although China's non-democratic political system presents a constraint, we have had some success, for example through the six-party talks on North Korea, in moving China to be a more responsible global stakeholder. Amb. Vargas agreed that it is important to manage the rise of China*particularly their growing presence in Asia and Africa--and encourage their role as a stabilizing force, in particular against terrorism. We need to deal with China, he said, but show that there are real changes necessary. Vargas saw China's "three strategic relationships" as those with Japan, Russia, and India, all three of which he saw as difficult for China, citing Japan's interest in UNSC membership, Russia's severe aging and development problems, and India's agreement with the United States on nuclear issues. Vargas said that Brazil has developed a strategic relationship with both India and China.

The latter includes a dialogue on human rights, and he stressed that Brazil believes that "certain values need to be respected," which is why the GOB had issued a statement on the recent protests in Tibet.

Extremism, Terrorism, Nuclear Proliferation: Focus on the Middle East, Pakistan, Iran

¶ 16. (C) Dr. Gordon raised the problems of violent extremism, terrorism, and nuclear proliferation, noting our hope that we can get Iran to adopt a more sensible approach on the last issue. Amb. Vargas responded that Brazil sees terrorism as a significant problem, and that our regional consultations are good, but noted that our two countries do not identify the same groups as terrorists. He agreed that extremism is a concern, citing its role in fueling conflicts in the Middle

East. "Peace is only possible," he said, "if countries try to disarm the extremist spirit." He suggested, as an example, that it is important to engage Hamas in the effort to achieve a Palestinian state to convince them that extremism is not an option. Dr. Gordon stressed the need for Israel and the Palestinian Authority to come to terms before broadening the negotiation. Amb. Vargas said that Brazil values enormously the invitation it received to participate in the Annapolis meeting, and asked if Russia would be hosting a follow-on conference. With the Secretary still in Russia, Dr. Gordon said he did not know and would get back to Amb. Vargas on that. Vargas stress that Brazil wants to cooperate with the United States on the Middle East.

¶7. (C) Amb. Vargas said that Brazil follows developments in Pakistan closely. They were pleased by the outcome of the recent elections, but concerned that "the biggest challenge in years" is still to come and that "a nuclear power with feeble institutions" could present tremendous problems for promoting stable governance in the region. Dr. Gordon agreed that we are less likely to achieve success in promoting democracy if there is not success in Pakistan.

¶8. (C) With regard to Iran, Vargas said that Brazil "is very much aware of U.S. concerns" and praised the Secretary's statement that the United States has no permanent enemies. He affirmed that the presence of nuclear weapons in the

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Middle East is a serious threat that needs to be addressed, but stressed that Brazil recognizes both the right of Iran to develop nuclear power for peaceful purposes and the need for IAEA safeguards. The actions against Iran should not be used to preventing other developing countries from engaging in nuclear programs. Vargas said that regime change in Iran will not solve the problem, and that "dialogue and diplomacy are essential to persuade Iran to maintain a peaceful nuclear program." He has spoken with people close to the Iranian regime who tell him that even conservatives in Iran hope that a new U.S. Administration will allow for a better relationship with the United States. Iran is a regional power*it has a role to play in Iraq, for example*and Brazil sees engagement as the way to ensure that Iran does not play a destabilizing role in the region. Dr. Gordon was skeptical about Iranian government willingness to sustain a dialogue with the U.S., and noted that Iran today underestimates the degree of consensus that exists in the United States with regard to preventing extremist Shiite elements from gaining access to nuclear weapons. He said the USG will continue to work through the UNSC, and that as we increase economic pressure on Iran, we continue to hold open the possibility of negotiations.

¶9. (C) Amb. Vargas made four points with regard to non-proliferation. First, Brazil would like to see a renewed emphasis on disarmament, and is concerned that military doctrines still reserve a role for nuclear weapons. Second, Brazil is concerned about the possibility of non-state actors possessing nuclear weapons. Third, Brazil is concerned about what it sees as apathy toward the UN and Non-Proliferation Treaty (NPT) regimes, which he said were in "crisis." Finally, he said that, without an advance in disarmament, he did not believe it would be possible to be consistent on non-proliferation, which is why Brazil is a member of the New Agenda Coalition. Amb. Sobel asked about the Brazilian position on the Additional Protocol. Amb. Vargas said that it is "on the table, not in a drawer," and that the GOB is "working it hard," but he stressed it is very sensitive and that the Ministry of Defense plays a crucial role.

Energy Security, Environment and Economic Growth

¶10. (C) Dr. Gordon emphasized the tightening links between energy security, environmental stewardship, and sustainable

economic growth, their growing policy priority, and the increasingly complicated challenge we face in managing these intertwined issues wisely. We have to avoid suggesting that the international community must choose between protecting the environment and providing opportunity for growth to poor countries. A new framework for reducing greenhouse gases that includes all emitters and technological breakthroughs toward a post-carbon world will be key elements of the solution, and the United States sees partnership with Brazil as part of a policy bridge between committed Europeans and skeptical Asians. With regard to commitments, Amb. Vargas said that countries should have flexibility and that he did not see possibilities for a "unified position." He noted that, unlike most countries, about 75 percent of Brazil's GHG's come from deforestation and only 25 percent from industry. Brazil cannot cut its competitive sectors when there is still insufficient economic growth to provide funds for redressing deforestation. Dr. Gordon suggested that a robust global target, allowing countries to decide on actions to implement it, and monitoring would be a possible approach, but it was essential to have all of the major countries involved. Amb. Vargas said that they have a clear message to others: climate policy will not move forward without U.S. engagement.

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¶11. (C) Amb. Vargas agreed that technology was key, suggesting a protocol on technology diffusion should be an element in forthcoming negotiations, as a means of finding "innovative modalities" for addressing the scientific, financial, and commercial aspects of technology development. He said that the DARPA model that had led to creation of the Internet was an approach not often mentioned, but one which had worked in developing Brazilian ethanol and might well help spur private sector investment in new technologies. Dr. Gordon noted that the USG has begun to explore how best to address this issue of technology related to climate change, stressing that it cannot be viewed just as environmental, but as the intersection between environment, growth, and energy.

UN Security Council Reform

¶12. (C) Amb. Vargas raised Brazil's interest in a UNSC permanent seat, citing the importance of the United Nations, which he called a "U.S. creation" that should not be marginalized. He said Brazil's desire to cooperate on the Middle East and on Haiti were evidence of the positive role Brazil could play on the UNSC. He said Brazil is not opposed to a transitional approach, but cannot support a formula that would in essence require re-election of new permanent members, which would lead to uncertainty. He suggested that new permanent members could be admitted on a temporary basis, with a reassessment after ten or fifteen years. Amb. Vargas stressed that the G-4 cannot move UNSC reform forward alone, and that it is unlikely to move until the United States takes the lead. By 2030, he said, the world's biggest economies will no longer be in Europe, making reform harder and increasing the likelihood that the UNSC would become irrelevant. Vargas said that such a situation would present a real danger to the UN Charter and international law.

¶13. (C) Dr. Gordon agreed that reform of the multilateral institutions is an enormous challenge. He stressed U.S. commitment to the UN system and to the credibility of the UNSC. Amb. Vargas suggested that one of the Bush Administration's legacies could be a greater recognition of the role that Brazil and India could play in the UNSC. He said that Brazil understands that a ten-member expansion is not possible, and that Brazil is not seeking to join a "League of Nations council." But Brazil hopes for a serious demonstration of U.S. commitment to reform. Dr. Gordon reminded Amb. Vargas that the United States sees UNSC reform as part of a larger effort to achieve a more efficient and

accountable UN system. Amb. Vargas assured him that this was not a problem for Brazil, and that they were prepared to work on it.

Policy Planning Talks as an Element of Broader USG Agenda

¶14. (C) Finally, Dr. Gordon and Amb. Vargas discussed policy planning. Amb. Vargas noted that Brazil is making a bigger effort to do long-range planning, citing the annual National Conference on International Politics and Foreign Policy and efforts to promote U.S. studies in Brazil. He said Brazil would appreciate help to improve both its policy planning and American studies programs, which Dr. Gordon said that S/P would be happy to do. The two agreed that the talks had been a useful start and should be continued on a semi-annual basis. They agreed to look at the week after the opening of UNGA in Washington as a possible date for the next round of talks.

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¶15. (C) Comment: This first round of strategic planning talks was among a small group of recent USG initiatives to be warmly received by Itamaraty and other senior policymakers. It was clear that Itamaraty saw this as a sign that the United States takes Brazil's current and future role on the global stage seriously, and it will pay dividends in our broader bilateral and global agenda with the GOB. The April 9 talks marked the start of what we hope will be an ongoing conversation with Brazil on some of the major issues and trends that are reshaping the international environment. Our interest in global partnership with Brazil and belief in the potential of that partnership inform our engagement with a widening circle of decision-makers in Brazil and across a growing range of issues (ref a). Dr. Gordon's outreach to a broader set of governmental and non-governmental partners (septel) added a new element to our engagement that will encourage Brazilians to think beyond the traditional confines of their domestic and South American regional interests. As this process moves forward, our goal is to expand perceptions in Brazil of converging core national interests. A regular policy planning dialogue, particularly one that reaches out directly to key political, economic, and national security constituencies in Brazil, can be an important tool for doing so.

¶16. (U) This cable was cleared by S/P.

SOBEL